

AUDIT DIVISION

Audit Examination Standard Operating Procedures

1. The audit program must be adhered to for all audits.

****As stated in Attestation Standard #5 (in Audit Program), Due Professional Care shall be exercised during **ALL** audit examinations****

2. All requests for information from auditing entities, with the exception of the initial engagement letter, or contact letter, shall have a deadline for submission of 14 days.

If there are extenuating circumstances that are brought to the attention of the auditor, the auditor may use their professional judgment whether to extend the deadline or not. Any extension granted should be explained clearly and noted in the workpapers.

3. All claims within the sample chosen will be examined from start to finish. Each form and related documents will be evaluated based on the following criteria to determine if the form is late and will be penalized:

➤ Employers First Report of Occupational Injury or Disease (WCB-1). Once the audit sample is chosen, a CorVu Listing will be obtained to determine the WCB-1s that were filed late for the year in question. This list will be compared to the audit sample for correlations. A third list will be generated (of the correlating cases) to submit to the Abuse Unit to determine if these cases have been penalized by their department.

- The Abuse Unit should be notified as to the correlating claims. If Abuse has received the penalty from the insurer, the Audit Division will not assess a further penalty. However, if Abuse had not yet received the penalty money at the time of the on sight audit, notify them (Abuse) that the audit will now encompass the late filed WCB-1 penalty and they will be notified as to our outcome (whether the penalty was paid by the entity pursuant to the audit or not).
- All WCB-1's that have been filed late and not previously penalized by the Abuse Unit will be written up and penalized based on criteria listed below.

➤ Wage Statement (WCB-2). If the notice of a claim for compensation (indemnity) is listed as 8/9/00 or before the old statute applies, WCB-2 due within 30 days from the first payment. If the notice is 8/10/00 or after, the new statute will apply (within 30 days from ER notice or knowledge of a claim for compensation, Box 43B, WCB-1). In either case, penalize based on criteria listed below.

➤ Schedule of Dependent(s) and Filing Status Statement (WCB-2A). Same criteria will be used as the WCB-2 stated above.

➤ Memorandum of Payments (WCB-3). Penalize based on the criteria listed below.

- Discontinuance or Modification of Compensation (WCB-4). If it is noted that this form has not yet been filed, and the criteria has been met to require it to be filed, the auditor is to make one request in writing, giving the entity 14 days to file the form. If the form is not filed within the time frame outlined, penalize based on criteria listed below. In reverse, if this form has been filed either as requested by the auditor within the time frame outlined or at the time of the on sight, no penalty shall be assessed.
- Certificate of Discontinuance or Reduction of Compensation (WCB-8). Same criteria will be used as WCB-4.
- Notice of Controversy (WCB-9). Penalize based on criteria listed below. Mandatory payment *filing* requirements due in 14+3 days from NOC.
- Statement of Compensation Paid (WCB-11). Under the new rule, WCB-11's are to be filed 195 days from the date of the injury and then within 15 days from the anniversary date. This policy is effective for ALL claims (eff. 3/4/01) Entity may have to double file this form to come into compliance with the new statute requirement. Penalize based on the criteria listed below.

All forms discovered to have been filed late, or not filed, during the duration of the claim, will be written up in the audit report and penalized.

If the auditor must request that a form be filed, those filings will be penalized based upon the following criteria:

- a) If, upon request from this division, the entity does not file the requested forms within the time frame outlined, 14 days (which should be before the issuance of the draft report), they will be written up and penalized under 360(1)A.
 - b) If the entity has, upon request from this division, filed the requested forms within the time frame outlined, 14 days (which should be before the issuance of the draft report), they will be written up and penalized under §360(1)B.
4. The filing date for all forms is the date stamp from the Augusta Central Office.
 5. Voluntary payments¹ made by the entity are to be included in the summary portion of the Audit Report. These payments should be detailed by type (i.e. incorrect rate, incorrect AWW) in the summary, more specifically in the portion referring to the accuracy of indemnity payments. A more detailed explanation (i.e. claimants name, WCB#, reason for variation of payment and any other pertinent information) of these voluntary payments should be listed in the workpapers to support the amounts listed in the Audit Report.

Overpayments should also be noted. Listed in the same manner as above. The same workpaper can be utilized for overpayments and underpayments (voluntary payments) provided it is detailed and referenced back to the report.

¹ Payments that are made to injured employees by the insurance company requested by the auditor to make the employee whole.

6. With the exception of the WCB-2, 2A, and WCB-11, three (3) mail days will be granted for all other forms *filed* with the Board. (Protocols).
7. If a subsequent event comes to the attention of the Auditor, it should be evaluated as to whether or not to include it in the report. If it is decided that either the entire event or a portion thereof will be included, that date of the Final Audit Report should reflect the date that the Auditor became aware of the event. (AU 530.05).
8. Refer to the "Spreadsheet Guide" (revision date 11/26/02) on the G: Drive under Audit Division SOP's for specific requirements of the spreadsheet. This guide can be given to the entity to clarify the spreadsheet if it is deemed necessary.
9. Medical bills will be sampled on a test basis, specifically payment information. It should be noted when the insurer received a medical bill and when the insurer paid that bill. A workpaper should be generated to show which bills were reviewed and the outcome of each (sampling technique to be determined). Step suspended by Steve Minkowsky based on length of time needed to complete.
10. A review of any "Complaint for Audit" filed against any insurer shall be reviewed during the planning stage of the audit for that insurer, self-insured or third party administrator.